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1 PUBLIC PROTECTION CABINET

2 Kentucky Horse Racing Commission

3 (Amendment)

4 811 KAR 1:215. Kentucky Standardbred Development Fund and Kentucky Standardbred
5 Breeders' Incentive Fund.

6 RELATES TO: KRS 230.215, 230.260, 230.770, 230.802, 230.990

7 STATUTORY AUTHORITY: KRS 230.215(2), 230.260(8), 230.770(1), (6), (7), 230.802(2)(b)

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) and 230.260(8) authorize the
9 commission to promulgate administrative regulations prescribing the conditions under which
10 horse racing shall be conducted in Kentucky. KRS 230.770(1) establishes the Kentucky
11 standardbred development fund. KRS 230.770(6) and (7) authorize the commission to
12 promulgate administrative regulations establishing the eligibility of horses participating in races
13 for which a portion of the purse is provided by the Kentucky Standardbred Development Fund
14 and the conditions, class, and quality of the races. KRS 230.802(1) establishes the Kentucky
15 standardbred breeders' incentive fund. KRS 230.802(2)(b) authorizes the commission to
16 promulgate administrative regulations establishing the conditions and criteria for the distribution
17 of moneys from the fund. This administrative regulation establishes eligibility standards,
18 administrative practices to enforce the standards, criteria for the distribution of moneys from
19 these funds, mandatory criteria for races, and the administration of purses and payments in these
20 races.

1 Section 1. Definitions. (1) "Commission" means the Kentucky Horse Racing Commission.

2 (2) "Consolation" means the race following a series of preliminary legs for the next
3 preferred horses, as set forth in section 8 of this administrative regulation, which did not qualify
4 for the finals of each racing division of the Kentucky Sire Stakes program.

5 (3) "Final" means the race following a series of preliminary legs established to determine
6 the divisional champion of each racing division of the Sires Stakes Program.

7 (4)~~(3)~~ "Kentucky-bred" means, for the purposes of this administrative regulation, a
8 standardbred horse that is:

9 (a) Foaled out of a standardbred mare that is registered with the commission and is a
10 resident of Kentucky as provided in this administrative regulation; or

11 (b) Sired by a standardbred stallion that meets the requirements of this administrative
12 regulation.

13 (5)~~(4)~~ "Kentucky Sires Stakes" means the series of races held annually in Kentucky for two
14 (2) and three (3) year old Kentucky-bred fillies and colts, both trotting and pacing, and funded in
15 whole or in part by the Kentucky Standardbred Development Fund or the Kentucky Standardbred
16 Breeders' Incentive Fund.

17 (6)~~(5)~~ "Kentucky Standardbred Breeders' Incentive Fund" or "KSBI" means the trust and
18 revolving fund as established ~~[set-out]~~ in KRS 230.802.

19 (7)~~(6)~~ "Kentucky Standardbred Development Fund" or "KSDF" means the trust and
20 revolving fund as established ~~[set-out]~~ in KRS 230.770.

21 (8)~~(7)~~ "Stallion residing in Kentucky" means a stallion physically located and standing in
22 Kentucky for 180 days of the calendar year in which the stallion is registered that does not service

mares in any other state, jurisdiction, or country outside of Kentucky during the calendar year in which the stallion is registered.

~~(9)~~~~(8)~~ "USTA" means the United States Trotting Association.

Section 2. Domicile Requirements. (1) An owner, lessee, stallion manager, or syndicate manager of a standardbred stallion residing in Kentucky who desires to use the stallion for breeding purposes and to have his progeny eligible for the KSDF or KSBIF shall register the stallion with the commission by December 31st of the year of conception of the horse sought to be eligible. Standardbred stallions not residing in Kentucky are not required~~(do not need)~~ to register with the commission.

(2) All standardbred stallions shall be registered with the USTA, Standardbred Canada, or other appropriate international harness racing governing agency whether residing in Kentucky or not.

~~(3)~~~~(a)~~ A standardbred stallion shall be registered by completion and submission of ~~(an)~~ the KSDF/KSBIF Stallion Certificate of Eligibility Form, KHRC 215-2, 12/16.

~~[(b) A standardbred stallion that satisfies the provisions of this section shall be considered a registered stallion for purposes of this administrative regulation.]~~

~~(4)~~~~(3)~~ An owner, lessee, manager, or syndicate manager of a standardbred mare who desires to use the mare for breeding purposes and to have her progeny eligible for the KSDF or KSBIF shall register the mare by December 31st of the year of conception of the horse sought to be eligible.

(a) ~~[Beginning January 1, 2017, in]~~ In order to be eligible for registration, the mare shall be registered with the USTA, Standardbred Canada, or other appropriate international harness

1 racing governing agency and shall have resided in Kentucky for a period of not less than 180 days
2 in the calendar year of conception of the horse sought to be eligible. If a horse is conceived by
3 embryo/ovum transplant (ET), both the donor mare and recipient mare shall be registered during
4 the year of conception and the recipient mare shall reside in Kentucky for a period of not less
5 than 180 days in the calendar year of conception of the horse sought to be eligible.

6 (b) The mare shall be registered on the KSDF/KSBIF Mare Certificate of Eligibility Form, KHRC
7 215-3, 12/17 [~~12/16~~].

8 (c) A standardbred mare that satisfies the provisions of this section shall be considered a
9 registered mare for purposes of this administrative regulation.

10 ~~(5)~~[(4)] Registrations must[~~shall~~] be[~~physically~~] received by the commission by the close of
11 business or postmarked on the deadline established in this section in order to be eligible.

12 ~~(6)~~[(5)] An owner, lessee, stallion manager, manager, or syndicate manager of a stallion or
13 mare eligible for the KSDF and KSBIF shall be responsible for:

14 (a) The registrations and records of the farm where the stallion stands or the mare resides;
15 and

16 (b) Complying with all applicable[~~the~~] requirements of this administrative regulation.

17 Section 3. Eligibility. (1) In order to qualify for the Kentucky Sire Stakes, a foal shall be a two
18 (2) or three (3) year old Kentucky-bred and maintain eligibility for the KSDF and KSBIF.

19 (2)(a) Except as provided by paragraph (b) of this subsection, only a foal that is the first born
20 to a mare (donor or recipient) in each calendar year produced by any method, including
21 embryo/ovum transplant (ET), shall be eligible for harness racing in Kentucky.

(b) Natural birth twins produced from the same pregnancy and foaling by the natural, nonrecipient mare shall also be eligible.

(3) Any future offspring of foals ineligible for racing under this section shall be ineligible for harness racing in Kentucky.

Section 4. Disputes. (1) If the commission determines that a registration is incorrect, or an application for registration, renewal of registration, or transfer of a registered stallion or mare contains false or misleading information, or that an owner, lessee, stallion manager, manager, or syndicate manager of a registered stallion or registered mare has failed to furnish information~~[the commission has requested]~~ relating to the registration or renewal of a stallion or mare, the commission shall:

(a) Temporarily suspend or deny the registration of the stallion or mare; and

(b) Summon the person who committed a violation listed in this subsection, and any person who has knowledge relating to the violation, to appear before the commission at a hearing pursuant to 811 KAR 1:105.

(2) After the hearing, the commission shall determine whether the violation was willful.

(a) If the commission finds the violation was willful, the commission shall do one (1) or more of the following~~[based on the degree of seriousness of the willful violation]~~:

1. Deny the registration;

2. Suspend the registration;

3. Revoke the registration; or

4. Bar the owner, lessee, stallion manager, manager, or syndicate manager who willfully committed the violation from further registering stallions or mares to the KSDF and KSBIF.

(b) If the commission finds the violation was not willful, the commission shall rescind the temporary denial, suspension, or revocation of the registration.

(3) If a person summoned by the commission fails to respond to the summons, the commission:

(a) Shall suspend or deny the registration;

(b) Shall notify the person in writing of the action taken by the commission; and

(c) May bar the owner, lessee, stallion manager, manager, or syndicate manager who committed the violation from further registering stallions or mares to the KSDF and KSBIF, based on the degree of seriousness of the violation.

Section 5. Rules of Racing. Kentucky Sires Stakes races in which any part of the purse is provided by the KSDF or KSBIF, the requirements for which races are established in Sections 6 through 24 of this administrative regulation, shall be subject to 811 KAR Chapter 1.

Section 6. Distance. Each race shall be a one (1) mile dash.

Section 7. Post Positions. Post positions for the final, consolation and all preliminary legs shall be an open draw with two (2) horses drawn for the final and consolation races~~[races]~~ that are designated as "also eligibles" under Section 8(6) of this administrative regulation.

Section 8. Eligibility for the Final and Consolation Races. Beginning with the 2018 Kentucky Sire Stakes races, consolation races may be eligible for funding. (1) A horse that does not start in at least one (1) of the preliminary legs scheduled shall not be eligible for the final or consolation.

(a) All horses earning points may enter in the final with the top eight (8) point earners, if the horses raced on a half mile track or five-eighths mile track or top ten (10) point earners if the horses raced on a mile track, who are declared eligible.

1 (b) On a half mile track or five-eighths mile track, the top eight (8) point earners are not
2 eligible for the consolation. On a mile track, the top ten (10) point earners are not eligible for the
3 consolation.

4 (c) A horse that is eligible to race in the final shall only be eligible to race in the final, unless
5 the horse is qualified as an also eligible.

6 (d) A horse that that is eligible to race in the consolation shall only be eligible to race in the
7 consolation, unless qualified in the final as an also eligible.

8 (e) A horse that scratches from the final shall not race in the consolation.

9 (f) A horse that has qualified for the final or consolation, shall remain eligible for the final
10 or consolation.

11 (g) At least seven (7) eligible horses must be declared for a consolation race to be contested.

12 (h) No horse that is automatically eligible to race in the final race shall start in the
13 consolation race.

14 (2) A horse that enters a preliminary leg that does not fill and is not raced shall receive credit
15 toward fulfilling the minimum starting requirements set forth in subsection (1) of this section and
16 toward determining tiebreaker status as set forth in subsection (5)(b) of this section.

17 (3) A horse that has been scratched from an event that is raced shall not receive credit
18 toward meeting the starting requirements set forth in subsection (1) of this section.

19 (4) A horse, in order to start in the final or consolation, shall be declared at the host track
20 where the race is being held on or before the time posted on the track condition sheet.

21 (5)(a) If the number of horses eligible and declared into any final or consolation event
22 exceeds the maximum number specified by the KSDF or KSBIF or the number of positions on the

starting gate, the following point system as applied to KSDF preliminary legs shall determine preference for the final:

1. 1st place - fifty (50) points;

2. 2nd place - twenty-five (25) points;

3. 3rd place - twelve (12) points;

4. 4th place - eight (8) points;

5. 5th place - five (5) points;

6. 6th place and all other starters - one (1) point; and

7. A horse finishing in a dead heat for any position in a preliminary leg shall be awarded an equal share of the total number of points awarded for that position.

(b) If there is a tie among horses after the awarding of points pursuant to paragraph (a) of this subsection, there shall be a drawing by lot among those horses tied in total points to determine which horses shall be included in the final field.

(c) If a horse that is qualified for the final or consolation is not declared, the horse with the next highest point total, pursuant to paragraph (a) of this subsection, that is declared shall be eligible for the final or consolation.

(6) Also eligibles.

(a) The two (2) horses accumulating the highest point total, pursuant to subsection (5) of this section, that are declared into the final or consolation, but do not qualify for the final or consolation, shall be designated "also eligible". The horse with the highest point total from the preliminary legs shall be designated as the "first also eligible" and the horse with the next highest point total shall be designated as the "second also eligible".

(b) A horse that is scratched in the final or consolation shall be replaced by the "first also eligible" and then the "second also eligible", if necessary.

1. If post positions have not been drawn at the time of the scratch, the "also eligible" shall take the place of the horse that has been scratched and shall participate in the normal draw.

2. If post positions have been drawn at the time of the scratch, the "also eligible" shall assume the post position of the horse that has been scratched.

3. A horse shall not be moved into the final or consolation as a replacement after the official scratch time deadline that is in effect at the host track.

Section 9. Final Order of Finish. The judges' "official order of finish" shall be used in determining eligibility to the final exclusive of all appeals yet to be decided at the time of closing of the entry box for final events.

Section 10. Detention. All starters shall be subject to the detention policy of the racetrack.

Section 11. Number of Starters. (1) There shall not be more than:

(a) Ten (10) starters in each final race on a mile track; and

(b) Eight (8) horses on a one-half (1/2) or five-eighths (5/8) mile track.

(2) All horses shall be on the gate for the final race.

Section 12. Declaration Fees. (1) For each horse declared to race in a preliminary leg, there shall be a declaration fee of \$500. If a preliminary leg splits into two or more divisions, the declaration fee shall be \$500 per division. For each horse declared to race in the final or consolation, there shall be a declaration fee of one (1) percent of the total purse.

(2) The declaration fee shall be due to the racing association at the time of declaration and payable one (1) hour prior to post time of the race.

1 (3) Purses for the KSDF and KSBIF shall consist of money from:

2 (a) Nominating fees;

3 (b) Sustaining fees;

4 (c) Declaration fees; and

5 (d) Added money from the Commonwealth of Kentucky.

6 (4)(a) Distribution of revenue for Kentucky Sires Stakes races shall be reviewed and
7 addressed annually, not later than December 15 of each calendar year, by an advisory panel
8 appointed by the Chairman of the commission and consisting of one (1) representative from each
9 of the following:

10 1. The commission, who shall serve as the chairman of the panel;

11 2. The Kentucky Harness Horseman's Association;

12 3. The host racetrack;

13 4. The commission recognized Standardbred Breeders Association organized in Kentucky;

14 and

15 5. A participant in the fund that is nominated by the chairman of the commission from a
16 group of up to four (4) nominees recommended by each of the above four (4) members having
17 one (1) nomination each.

18 (b) Each member of the panel shall serve from July 1 through June 30 of the following year
19 and shall be a resident of Kentucky.

20 (c) The final determination regarding distribution of revenue shall be made by the
21 commission.

Section 13. Divisions of Preliminary Legs. (1) The total number of horses entered shall determine the number of divisions of the preliminary legs that shall be required.

(2) Preliminary legs shall be split into divisions as follows:

(a) One (1) mile track:

1. Twelve (12) horses or less entered - one (1) division race.
2. Thirteen (13) to twenty (20) horses entered - two (2) divisions.
3. Twenty-one (21) to thirty (30) horses entered - three (3) divisions.
4. Thirty-one (31) to forty (40) horses entered - four (4) divisions.
5. Forty-one (41) to fifty (50) horses entered - five (5) divisions.
6. Fifty-one (51) to sixty (60) horses entered - six (6) divisions.

(b) One-half (1/2) and five-eighths (5/8) mile track:

1. Nine (9) to ten (10) horses entered - one (1) division.
2. Eleven (11) to sixteen (16) horses entered - two (2) divisions.
3. Seventeen (17) to twenty-four (24) horses entered - three (3) divisions.
4. Twenty-five (25) to thirty-two (32) horses entered - four (4) divisions.
5. Thirty-three (33) to forty (40) horses entered - five (5) divisions.
6. Forty-one (41) to forty-eight (48) horses entered - six (6) divisions.

(c) If the need exists for seven (7) or more divisions, eligibility to the final shall be determined in a manner consistent with the published conditions.

Section 14. Gait. (1) Gait shall be specified by the owner of the horse on or before the first two (2) year old payment.

(2) Change of gait:

(a) May be made at the time of declaration at the track; and

(b) Sustaining payments shall remain in the funds of the original gait specified.

(3) A horse shall not race on both gaits in the same year.

Section 15. Divisions. A race shall be raced in separate divisions as follows:

(1) Colt/gelding/ridgeling divisions; and

(2) Filly divisions.

Section 16. Purse Distributions. (1) The purses awarded for all races shall be distributed on the following percentage basis:

(a) Five (5) starters – fifty (50) percent, twenty-five (25) percent, twelve (12) percent, eight (8) percent, and five (5) percent;

(b) Four (4) starters – fifty (50) percent, twenty-five (25), twelve (12) percent, eight (8) percent, and the remaining five (5) percent reverts back to the fund~~[fifteen (15) percent, and ten (10) percent];~~

(c) Three (3) starters – fifty (50) percent, twenty-five (25) percent, twelve (12) percent, and the remaining thirteen (13) percent reverts back to the fund~~[sixty (60) percent, thirty (30) percent, and ten (10) percent];~~

(d) Two (2) starters – fifty (50) percent, and twenty-five (25) percent, and the remaining twenty-five (25) percent reverts back to the fund~~[sixty five (65) percent, and thirty five (35) percent]; and~~

(e) One (1) starter – fifty (50) percent, and the remaining fifty (50) percent reverts back to the fund~~[100 percent].~~

(2) The percentage basis established by subsection (1) of this section shall apply at each of the Kentucky pari-mutuel tracks.

(3) In addition to the purses set forth in subsection (1) of this section, \$25,000 shall be awarded in each division of the finals to the owner of the stallion or stallions residing in Kentucky that sired the first, second, or third place finisher, as follows:

(a) First place: \$15,000;

(b) Second place: \$7,500; and

(c) Third place: \$2,500.

Section 17. Cancellations. (1) If circumstances prevent the racing of an event, and the race is not drawn, all funds that have been allocated to the division in each of the preliminary legs or the final shall be refunded and pro-rated to the owners of the horses eligible at the time of cancellation.

(2) The eligible horses shall include only horses that made the payments required by Section 22 of this administrative regulation.

(3) The added monies provided by the Commonwealth of Kentucky for use in the KSDF and KSBIF shall be disbursed by December 15 of each calendar year in accordance with the formula created by the panel as set out in Section 12(4) of this administrative regulation.

Section 18. Qualifying. (1) Any horse declared into a Kentucky Sires Stakes race shall:

(a) Show at least one (1) charted race line with no breaks within forty-five (45)~~thirty (30)~~ days prior to the day of the race; and

(b) Have satisfied the following time requirements:

1. On a track larger than five-eighths (5/8) of a mile:

- a. A two (2) year old trotter shall have been timed in 2:06 [8] or faster;
- b. A two (2) year old pacer shall have been timed in 2:04 [6] or faster;
- c. A three (3) year old trotter shall have been timed in 2:02 [4] or faster; and
- d. A three (3) year old pacer shall have been timed in 2:00 [2] or faster.

2. On a five-eighths (5/8) mile track:

- a. A two (2) year old trotter shall have been timed in 2:07 [9] or faster;
- b. A two (2) year old pacer shall have been timed in 2:05 [7] or faster;
- c. A three (3) year old trotter shall have been timed in 2:03 [5] or faster; and
- d. A three (3) year old pacer shall have been timed in 2:01 [3] or faster.

3. On a one-half (1/2) mile track:

- a. A two (2) year old trotter shall have been timed in 2:08 [10] or faster;
- b. A two (2) year old pacer shall have been timed in 2:06 [8] or faster;
- c. A three (3) year old trotter shall have been timed in 2:04 [6] or faster; and
- d. A three (3) year old pacer shall have been timed in 2:02 [4] or faster.

(2) A horse shall be scratched from a race if the person declaring the horse has failed to advise the race secretary of a start that is not reflected on the electronic eligibilities.

(3) The requirements of this section shall apply both to wagering and nonwagering races.

Section 19. Purse Allocations. (1) At a scheduled meeting of the commission, the commission:

- (a) Shall establish the distribution of funds for stakes races for the upcoming year; and
- (b) Shall authorize expenditures at a time it designates.

(2) The racing dates for KSDF and KSBIF stakes shall be issued after the track has established its race dates.

Section 20. Promotions. The KSDF or KSBIF shall provide a trophy for each event, and the program that provides the trophy shall purchase the trophy out of its fund.

Section 21. Nomination Fees. (1) After payment of the nomination fee, foals shall remain eligible for events each year by making the required sustaining and declaration payments for that year. The KSDF/KSBIF Kentucky Sire Stakes (KYSS) Nomination Form, KHRC 215-1, 12/16, shall be filed with the commission along with the nomination and sustaining fees.

(2) The two (2) year old March 15 payment shall be made in order to remain eligible to the KSDF and KSBIF as a three (3) year old.

(3). Nomination and sustaining payments shall be made to the KSDF/KSBIF in U.S. funds by a money order or a check drawn on a U.S. bank account.

Section 22. Nomination Schedule. (1) Yearlings shall be nominated by May 15 of their yearling year, except as provided in subsection (4) of this section.

(2) For yearlings sired by a standardbred stallion residing in Kentucky and registered with the KSDF and KSBIF, the nomination fee shall be forty (\$40) dollars per yearling. For yearlings sired by a standardbred stallion not residing in Kentucky, the nomination fee shall be eighty dollars (\$80) per yearling.

(3) Nominated horses shall be registered with the USTA, Standardbred Canada, or other appropriate international harness racing governing agency and shall be properly identified to the satisfaction of the commission at the time of the nomination. Identification shall be determined

1 by the official registration maintained by the USTA, Standardbred Canada, or other appropriate
2 international harness racing governing agency.

3 (4) If a horse is not nominated during its yearling year, the horse may be nominated prior
4 to March 15 of its two (2) year old year if:

5 (a) For horses sired by a standardbred stallion residing in Kentucky and registered with the
6 KSDF and KSBIF, a nomination fee of \$500 is made by March 15 of the horse's two (2) year old
7 year, along with the sustaining payment required by subsection (5)(a) of this section; or

8 (b) For horses sired by a standardbred stallion not residing in Kentucky, a nomination fee of
9 \$600 is made by March 15 of the horse's two (2) year old year, along with the sustaining payment
10 required by subsection (5)(a) of this section.

11 (5) Sustaining payments shall be as follows:

(a) TWO (2) YEAR OLD PAYMENTS	
March 15	\$300
April 15	\$300
May 15	\$300
March 15 payment shall be mandatory to make entry eligible as a three (3) year old.	

(b) THREE (3) YEAR OLD PAYMENTS	
February 15	\$300
March 15	\$300
April 15	\$300

12 Section 23. Early Closing Events. The commission, during any given year, may provide for
13 separate early closing events for Kentucky-bred horses.

14 Section 24. Incorporation by Reference. (1) The following material is incorporated by
15 reference:

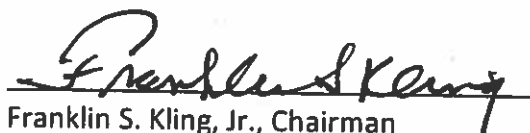
1 (a) "KSDF/KSBIF Kentucky Sire Stakes (KYSS) Nomination Form", KHRC 215-1, 12/16;

2 (b) "KSDF/KSBIF Stallion Certificate of Eligibility Form", KHRC 215-2, 12/16; and

3 (c) "KSDF/KSBIF Mare Certificate of Eligibility Form", KHRC 215-3, 12/17~~[12/16]~~.

4 (2) This material may be inspected, copied, or obtained, subject to applicable copyright law,
5 at the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington,
6 Kentucky 40511, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on
7 the KHRC Web site at <http://khrc.ky.gov>.

READ AND APPROVED:


Franklin S. Kling, Jr., Chairman
Kentucky Horse Racing Commission

12/12/17
Date


David A. Dickerson, Secretary
Public Protection Cabinet

DEC 12, 2017
Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on January 24, 2018 at 10:00 a.m., at the office of the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 405011. Individuals interested in being heard at this hearing shall notify the Kentucky Horse Racing Commission in writing by January 17, 2018, five working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m., January 31, 2018. Please send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

CONTACT PERSON: John L. Forgy
General Counsel
Kentucky Horse Racing Commission
4063 Iron Works Parkway, Building B
Lexington, KY 40511
Phone: (859) 246-2040
Facsimile: (859) 246-2039
Email: John.Forgy@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No.: 811 KAR 1:215
Contact Person: John L. Forgy, General Counsel, Kentucky Horse Racing Commission;
Telephone: (859) 246-2040; Email: John.Forgy@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This regulation prescribes the conditions under which standardbred racing shall be conducted in Kentucky. Specifically, KRS 230.770(6) authorizes the commission to promulgate regulations establishing eligibility requirements for horses participating in races for which a portion of the purse is provided by the Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders' Incentive Fund ("KSDF/KSBIF"). This regulation establishes the eligibility requirements to receive distributions from the KSDF/KSBIF.

(b) The necessity of this administrative regulation: This regulation is necessary to exercise the statutory authority of the KHRC set forth in KRS 230.215(2) to "promulgate administrative regulations prescribing conditions under which all legitimate standardbred horse racing and wagering thereon is conducted in the Commonwealth of Kentucky" and the statutory authority set forth in KRS 230.240(1). Specifically, this regulation is necessary to establish the eligibility requirements for those desiring to receive distributions from the KSDF/KSBIF.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This regulation conforms to the statutory authority granted to the Kentucky Horse Racing Commission by KRS 230.215(2), 230.240(1), 230.260(8), 230.770(1), (6), (7), and KRS 230.802(2)(b).

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This amendment will assist in the effective administration of the statutes by outlining the qualifications required of a horse owner and breeder to be eligible to receive KSDF/KSBIF monies.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment is necessary to update the text of the administrative regulation to reflect the current realities of standardbred horse racing and the corresponding eligibility requirements to receive KSDF/KSBIF funds. Specifically, this amendment:

- Adds consolation races to allow more horses to compete;
- Clarifies the mare resident requirements on embryo transplants; and

- Redistributes the purse so smaller fields do not receive more funds for less competition.

(b) The necessity of the amendment to this regulation: This amendment is necessary to increase racing opportunities for eligible horses, to clarify mare residency for embryo transfers, and to redistribute the purse in a competitive manner.

(c) How the amendment conforms to the content of the authorizing statute: KRS 230.770 (2) requires the commission "to use the development fund to promote races, and to provide purses for races, for Kentucky-bred standardbred horses." KRS 230.802 (2)(a) requires the commission to "use moneys deposited in the Kentucky standardbred breeders incentive fund to provide rewards for breeders or owners of Kentucky-bred standardbred horses." This amendment fulfills that statutory mandate by implementing the changes outlined in (2)(a) above to enhance the fund.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of the statutes by ensuring that the regulation accounts for the increased population of standardbred horses competing in this series, and by clarifying the eligibility requirements for resident mares.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect; standardbred breeders; Standardbred owners; boarding farm owners and employees; Kentucky veterinarians and equine healthcare facilities; horse transportation companies; farriers; farmers and suppliers of hay, feed and grain; equine supply companies; daily maintenance care and tack; Kentucky standardbred sale companies; retail stores and maintenance services; and state and local payroll tax.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: In complying with this amendment, breeders will have an additional opportunity to utilize embryo transplant and owners will have an additional opportunity to race for purses. All other entities identified in (3) will not acquire any additional responsibilities, but will reap the benefits of a stronger breeding industry in Kentucky.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): None of the entities identified in question (3) will incur any costs in complying with the amendments. Rather, this amendment specifically offers more racing opportunities for eligible horses to receive distributions from the fund. There is no

fee to nominate a mare or stallion, and the yearling, two-year-old and three-year-old fees will not change.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This amendment will allow breeders the opportunity to utilize embryo transfer, which will have a positive effect on equine facilities, horse transport, veterinarian care and increased population at Kentucky boarding farms. The increased population will result in more foals that will be eligible to race. The additional consolation races provide more opportunities for Kentucky owners to earn purse distributions from the fund.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no initial administrative cost to implement this amendment.

(b) On a continuing basis: There is no continuing cost to implement this amendment.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The nomination fees are used for the implementation and enforcement of this regulation. This amendment does not change the nomination fees and the source of funding remains the same. No additional funding is required.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No increase in fees or funding will be necessary to implement the amendment to this regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This amendment does not establish any new fees or increase any current fees to participate.

(9) TIERING: Is tiering applied? (Explain why tiering was or was not used.) Tiering was not applied because this amended regulation will apply to all similarly situated entities in an equal manner.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No.: 811 KAR 1:215

Contact Person: John L. Forgy, General Counsel, Kentucky Horse Racing Commission;
Telephone: (859) 246-2240; Email: John.Forgy@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Horse Racing Commission will be impacted by this administrative regulation.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. The statutory authority for this administrative regulation is found in KRS 230.215(2), 230.260(8), 230.770(1), (6), (7), 230.802(2)(b).

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? Although specific dollar estimates cannot be determined, the greatest impact of this regulation for the first year to the state and local government will be the increase in payroll taxes imposed upon all participants as noted in the Regulatory Impact Analysis & Tiering Statement, Section (3).

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? Although specific dollar estimates cannot be determined, continued growth and participation in the program over subsequent years will increase payroll taxes imposed upon all participants as noted in the Regulatory Impact Analysis & Tiering Statement, Section (3).

(c) How much will it cost to administer this program for the first year? Because the infrastructure for administering the program is already in place, it is anticipated that there will be no additional net cost to administer this program for the first year.

(d) How much will it cost to administer this program for subsequent years? Because the infrastructure for administering the program is already in place, it is anticipated that there will be no additional net cost to administer this program in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

This administrative regulation requires mares and stallions to reside in Kentucky for 180 days during the year of conception in order for the resulting foal to be eligible to receive distributions from the fund. This requirement provides economic support to all businesses and

individuals who provide services necessary for the breeding and racing of standardbred horses. See Regulatory Impact Analysis and Tiering Statement, Section (3).

Revenues (+/-): Increase – No specific estimate

Expenditures (+/-): No impact

Other Explanation: Specific dollar estimates cannot yet be determined, but this amendment is anticipated to result in increased population at Kentucky boarding farms, resulting in more foals eligible to race and additional state and local payroll taxes.

SUMMARY OF AMENDMENTS TO MATERIAL INCORPORATED BY REFERENCE

811 KAR 1:215

- (a) The "KSDF/KSBIF Mare Certificate of Eligibility Form," KHRC 215-3 (12/17), is the one (1) page form that a participant must submit to the Commission to register a mare with the KSDF/KSBIF. Amendments include the addition of the new language "or Received" following the word "Postmarked" in the fifth line of text; the addition of the new language "(recipient mare if by ET)" in the 17th line of text; and deletion of the notary requirement. The new language amendments clarify the deadline for receipt of the KHRC 215-3 form by means other than US Mail and also which mare resides in Kentucky in the case of an embryo transplant, respectively.

KSDF/KSBIF Mare Certificate of Eligibility Form

MUST BE COMPLETED TO MAKE A MARE'S FOAL(S) ELIGIBLE TO THE KENTUCKY STANDARDBRED DEVELOPMENT FUND AND KENTUCKY STANDARDBRED BREEDERS' INCENTIVE FUND: 811 KAR 1:215

Must be Postmarked or Received by December 31st the Year of Conception & Submitted to:

KENTUCKY HORSE RACING COMMISSION
4063 Iron Works Parkway, Building B | Lexington, KY 40511
Telephone: (859) 246-2847 | Facsimile: (859) 246-2887

Please Include:

- A copy of the Mare's USTA, Standardbred Canada, or other appropriate international harness racing governing agency's registration paperwork
- If under lease, a copy of the lease or contract must be filed along with this affidavit

The undersigned hereby makes application for a KSDF/KSBIF Mare Certificate of Eligibility for the following mare:

MARE: _____ **YOB:** _____ **EMBRYO TRANSFER? YES:** ☐ **NO:** ☐

BRED TO: _____ **YOB:** _____

MARE WILL RESIDE AT: _____ **PHONE:** _____
(recipient mare if by ET)

FARM'S PHYSICAL ADDRESS: _____

CITY: _____ **ST:** _____ **ZIP:** _____

MARE OWNED BY: _____

ADDRESS: _____

CITY: _____ **ST:** _____ **ZIP:** _____

PHONE: _____ **EMAIL:** _____

This registration is subject to all applicable statutes, regulations and rules, including KRS Chapter 230 and 811 KAR Chapter 1. The regulation concerning the Kentucky Standardbred Development Fund and the Kentucky Standardbred Breeders' Incentive Fund can be found at 811 KAR 1:215.

I certify that the above mare shall reside in Kentucky for one hundred eighty (180) days in the calendar year of conception.

I, _____, under the penalty of perjury, being duly sworn, depose and say that the above statements are true and correct to the best of my knowledge and belief and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for denial and any and all other penalties available under the law.

SIGNED _____
(Owner or Lessee)

Subscribed and sworn to before me this _____ day of _____, 20_____

Commission expires _____

(NOTARY PUBLIC)